

# Tales from Beijing and Hong Kong show challenge of fighting poverty, especially among working poor

The mainland has bigger ambitions than Hong Kong when it comes to raising the fortunes of its residents, but for both, the task is made more onerous by high home prices

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Before the sun rises in Beijing, one man has already completed several rounds of back-breaking work.

Wang Zhougang, 46, has been up since 5am, roaming the streets of the central business district to gather piles of used cardboard and old newspapers discarded outside office and residential towers.

This has been the Henan native's routine for close to 20 years.

Like many migrants to China's capital, he arrived in 1989 in search of a better life but ended up working in manual jobs, before he began scavenging for used paper to sell.

He earns around 4,500 yuan (US\$669) a month, roughly the salary of a restaurant waiter in Beijing.

Home for his family of four is a 150 sq ft shack in an "urban village" – a slum-like settlement – that he rents for 1,500 yuan a month. It takes him an hour on his motorbike to reach the heart of the city.

"Life is very tough here for people like me coming from outside Beijing," Wang told the *Post*, as he used string to bind together cardboard on the roadside.

"When I retire, I can only rely on my sons. I have never received a cent of subsidies whatsoever from the government, and will not receive any when I retire."

About 2,000km away, in the heart of Hong Kong, a similar story unfolds each morning.

## **Poverty in Hong Kong hits record high, with 1 in 5 people considered poor**

A hunchbacked 89-year-old woman goes from shop to shop in Causeway Bay, hauling piles of used cardboard that she can sell later. It is her only source of income.

The woman, who referred to herself as “por-por” (Cantonese for granny), lives with her son in a subdivided flat rented for HK\$6,000 (US\$768) a month, typical accommodation for the underprivileged in Hong Kong.

The stories of scavenger Wang and “por por” are but two tales of low-income residents living in cities that the fabulously wealthy also call home.

Understandably, both Beijing and Hong Kong are devoting attention to boosting the welfare of their poorest people.

But both sides face similar and complex challenges in narrowing the wealth gap. For example, giving households who are working but still struggling a leg up is more complicated and made more onerous by the scourge of high property prices.

### **Who are the poor?**

Beijing’s campaign against poverty is more ambitious than Hong Kong’s, as it has vowed to eradicate poverty across the mainland by 2020.

This has been a top priority of the Communist Party under President Xi Jinping, and is part of his ambition to make China “a great modern socialist country” by 2050.

More than 43 million of the mainland’s 1.3 billion people live below the current poverty line of 3,000 yuan in annual income.

Beijing raised the poverty line sharply, from 1,274 yuan to 2,300 yuan in 2011 and has since adjusted it for inflation annually.

### **Why Xi Jinping cares so much about ending poverty in China: the political significance behind the campaign**

Hong Kong reviews its poverty line annually but bases it on half the median monthly household income according to household size, without factoring in assets.

The 2016 poverty line was HK\$4,000 for a single person, HK\$9,000 for two-person households and HK\$15,000 for three-person households.

Some 1.35 million Hongkongers – or 19.9 per cent of residents – were considered impoverished as of last year, a record high in terms of absolute figures, the government announced earlier this month.

After a group of them, including low-income working families, received cash handouts from the government, the number of impoverished residents fell to 971,000.

The government also acknowledged that poverty was going to be a bigger problem in future given the ageing population, with almost one in three residents expected to be aged 65 or above by 2041.

But Hong Kong does not have any anti-poverty targets.

In an earlier interview with the *Post*, Hong Kong's Secretary for Labour and Welfare Dr Law Chi-kwong said Xi's goal was "achievable" but he did not advocate setting a poverty eradication target for the city.

Law said Hong Kong had a "moving poverty line", which was derived from income. Also, the city should not just focus on those living below the poverty line.

"We should have some help for those above it – at least slightly above it, such as 60 per cent or 70 per cent of the median.

### **How many Hongkongers are really living in poverty?**

"This is more emphasis on prevention, particularly for children," he said.

Chou Kee-lee, chair professor of social policy at Education University, disagreed, saying that the city should learn from the mainland and set a goal in combating poverty.

"You need to set a target to measure the effectiveness of your policies," he said.

He added that a problem with how Hong Kong defined poverty was that it took too long for the government to revise it – the definition announced earlier this month was based on last year's economic conditions, even though 2018 was fast approaching.

Hong Kong should consider measuring absolute poverty and adjust it yearly for inflation, Chou said.

### **Helping the working poor**

In 2015, Liu Yongfu, director of the State Council's Leading Group Office of Poverty Alleviation and Development, sounded a warning that China would have to contend with the issue of relative poverty, even if it managed to stamp out extreme poverty.

Indeed, the mainland has groups of "working poor" or "near poor", who Professor Qin Gao, director of the China Center for Social Policy at Columbia University in New York described as those who "typically work and earn money; they do not fall below the poverty line and thus do not qualify for social assistance, but they live just above the poverty line and often struggle."

Wang in Beijing would fall into this category. He is not considered very poor by the government's standard, given his estimated annual income of about 54,000 yuan.

According to official figures, average annual income for Beijing's urban employees in the private sector rose 12.3 per cent from 2015 to 65,881 yuan last year.

***It's official: Hong Kong government figures in last poverty report show more people becoming impoverished***

But with China's economy still doing well despite a slower pace of expansion in recent years, Wang said he did not feel he was sharing in any fruits of growth.

"I have been suffering," Wang said, highlighting one of the problems he faced, that with his household registration, or *hukou*, stating Henan, he thus had to pay much higher fees in Beijing if he sought medical treatment.

"Everything is expensive in Beijing. The prices for food like vegetables have gone up. You don't make much money, but can you stay at home every day and not go out to meet friends from time to time?" Wang said, adding that he hoped the central government would not forget people like him.

Gao agreed that helping the working poor was "indeed a serious challenge, especially given the increasing income inequality in society".

"China is not alone in facing this challenge," she said, adding that the mainland government currently had no specific policies to help this group, unlike countries such as the US, Canada and South Korea.

Professor Hu Xingdou, an economics academic in Beijing, suggested that the capital city look at improving its social welfare system. Those who suffer from serious illnesses should receive medical treatments for free, Hu said.

Some rural residents are entitled to a monthly pension of only about 80 yuan a month after they have retired. The amount should go up to 1,000 yuan a month so they can afford a basic level of living, he suggested.

Hu also agreed it would be tough for economic migrants in Beijing to return to their hometown just to enjoy lower medical fees, as it would hinder their work. He added that the *hukou* system was likely to be revamped in future.

***In reforming its hukou system, is China also creating a labour shortage for its biggest cities?***

In Hong Kong, just over one in 10 working households were considered “working poor” last year, a record low.

To help this group further, social workers and lawmakers have called for increases to cash handouts and asked for the minimum hourly wage of HK\$34.50 to be raised, to cover the basic costs of living in the city and take into account inflation.

With technology reshaping jobs and the rise of contract positions that do not offer the security of permanent employment, educators like Chou are also calling for renewed attention to skills training for young people so that they do not become the future “working poor”.

**A roof over their heads**

But in both Hong Kong and Beijing, the high cost of owning or renting a home continues to pose problems for the working poor. They are forced to commit a larger proportion of their income to housing, leaving them with less for food and other needs. Some in Hong Kong have resorted to renting squalid and poorly-ventilated subdivided flats.

Latest data from September showed that resale home prices in the city climbed for 18 months in a row. For example, a 322 sq ft flat in Amoy Gardens, Kowloon, sold for HK\$4.45 million last month. Median monthly income for individual workers in Hong Kong was HK\$15,000 last year, up 3.4 per cent from HK\$14,500 in 2015. Average figures were not available.

***‘Being a rich man’s dog is better than living in a subdivided flat’***

Simon Lee Siu-po, assistant dean of Chinese University’s business school, pointed out that high property prices in Hong Kong had also driven up living costs, putting a dampener on the government’s poverty alleviation efforts.

In Beijing, home price figures showed a slight drop of 0.4 per cent in June from a month earlier, the first time prices decreased since February 2015.

But the buoyant property market still means there are households struggling to put a roof over their heads. Some might end up in run-down houses in urban villages such as the one Wang lives in.

It is not clear how many such villages there are in Beijing but mainland media reported there were 346 in 2005, though the number is expected to have decreased since then.

One of the villages, Shi Hua Ying, is located near the Dong Da Qiao subway station, in downtown Beijing. It comprises a few dozen houses built mostly with bricks, but one need only look around for high-rise buildings and even luxurious shopping malls to come into view.

Last week, the struggles of migrant workers came under the spotlight after a blaze in a building in Daxing – a similar village settlement to the south of the city centre – killed 19 people. After the fire, authorities ordered many migrants living there to move out in a safety crackdown.

Wang was a reflection of the plight of the working poor in both cities, as he clutched his Nokia phone by the side of the road while commuters zoomed by on shared bicycles that they had unlocked with a few taps on their smartphones.

He told the *Post*: “I came to Beijing because the city is China’s financial centre. You can find jobs more easily.

“But for people like me, it still means you can really struggle.”

Website: <https://www.scmp.com/news/hong-kong/economy/article/2121613/tales-beijing-and-hong-kong-show-challenge-fighting-poverty>